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This guide sets forth the basic requirements to be observed by contractors in the management, control, and use of Government owned property furnished by the Government, or acquired by the contractor at Government expense. The purpose of this Guide is to supplement the contract provisions that apply to Government property. In the event of any conflict with the express terms of the contract, the contract provisions will govern.

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Guide for

CONTROL OF GOVERNMENT PROPERTY BY CONTRACTORS

Office of Planning and Management
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GUIDE FOR CONTROL OF GOVERNMENT PROPERTY

BY CONTRACTORS

PART I

INTRODUCTION

A. Scope

This guide sets forth the basic requirements to be observed by contractors in the management, control, and use of Government owned property furnished by the Government, or acquired by the contractor at Government expense.

The purpose of this "Guide" is to supplement the contract provisions that apply to Government property. In the event of any conflict with the express terms of the contract, the contract provisions will govern.

B. Definitions

1. Government Property: Means all property owned by or leased to the Government, or acquired by the Government under the terms of a contract. It includes both Government-furnished property and contractor-acquired property as defined below:

(a) Government-furnished property is property in the possession of, or acquired directly by the Government and subsequently delivered or otherwise made available to the contractor; and

(b) Contractor-acquired property is property purchased or otherwise provided by the contractor at Government expense.

2. Nonexpendable Property: Is property which has a unit acquisition cost of $200 or more including accessories; is complete in itself; does not lose its identity or become a component part of another item when placed in use; is of a durable nature with an expected life of 1 year or more; and must be capitalized.

3. Expendable Property: Is property that may be consumed or expended in performance of the contract or incorporated into or

attached to an end item fabricated under provisions of the contract. It includes such items as: raw and processed materials, supplies, parts, small tools and components.

4. Accessory Items: Items which enhance or facilitate the operation of equipment, but are not essential to the functional requirements of the equipment. (Example: remote control devices).

5. Auxiliary Items: Items such as motors, without which the basic equipment cannot operate.

6. Salvage: Personal property that has some value in excess of its basic material content, but which is in such condition that it has no reasonable prospect of use for any purpose as a unit, and repair or rehabilitation for use as a unit is clearly impractical.

7. Scrap: Material that has no value except for its basic material content.

8. Sensitive Items: Supplies and equipment which because of their nature and portability are particularly susceptible to misappropriation, and therefore are subject to record control and special safeguards at all times. (Examples: cameras, binoculars, portable typewriters, tape recorders, film, alcohol, and precious metals.)

9. Property Administrator: A Property Administrator is an EPA employee designated by a contracting officer to act as his representative in matters concerning the management and control of Government property under a contract.

PART II

CONTRACTOR'S RESPONSIBILITY

A. General

The contractor is required to establish and maintain, in accordance with the provisions of this manual, a system to control, protect, preserve, and maintain, all Government property provided under the contract. This system is subject to review by the Property Administrator on behalf of the contracting officer, who may require corrections or improvements necessary to protect the Government's interest. Records of Government property shall be maintained in accordance with Part III of this manual and the terms of the contract. Authorized representatives of the contracting officer shall have access, at all reasonable times, to the contractor's property records and the premises where Government property is located.

B. Contractor's Liability

Subject to the terms of contract, the contractor may be liable when Government property is lost, damaged, destroyed or stolen, or when there is evidence of improper or unreasonable consumption.

The contractor shall promptly notify the contracting officer of any loss, damage to, or destruction of Government property in his possession or control, or in the possession or control of any subcontractor, together with all the facts and circumstances of the case. Any loss due to theft or suspected theft must be reported immediately to the local police by the contractor or subcontractor. The contracting officer will make a determination whether reporting this information to the Federal Bureau of Investigation is necessary.

C. Assumption of Responsibility

The contractor assumes responsibility for Government property upon delivery into the contractor's custody. When property is fabricated under the contract or withdrawn from the contractor's own stocks, the contractor is responsible to the Government for such property at the time title vests in the Government in accordance with the provisions of the contract. Also the contractor is respon-

sible for the control, protection, maintenance, and accounting for Government property furnished subcontractors under the prime contract.

D. Acquisition, Receipt and Utilization of Property

1 Authorized Acquisition: The contractor may acquire property as a direct charge to the contract only when specified in the contract or authorized in writing by the contracting officer.

2. Inspection on Delivery: All Government-furnished or contractor-acquired property must be inspected promptly upon its receipt. Any noted visible or external damage should be annotated on carrier's waybill at the time contractor receipts for the shipment. The contractor is responsible for taking appropriate corrective action with vendors upon the receipt of damaged or defective material or equipment, and for the correction of shipping errors. The Property Administrator shall be advised of the receipt of damaged or defective Government-furnished material or equipment.

3. Receipt for Government Property: The contractor must promptly receipt for all Government property on EPA Form 1770-17 "Property Receipt and Transfer Document" (Exhibit B). Upon receipt of property acquired with contract funds, the contractor will complete EPA Form 1730-1 "Report of Nonexpendable Government Property Acquired by Contractor", (Exhibit C) and forward it to the Property Administrator.

4. Authorized Use: The contractor is responsible for ensuring that Government property is used only in connection with performance of the contract under which it is provided, unless otherwise provided in the contract or authorized in writing by the contracting officer.

5 Utilization of Property: Property no longer required for the performance of a contract shall be immediately declared as excess to the Property Administrator. No disposal of Government property shall be made without prior approval of the contracting officer.

PART III

RECORDS

A. General

The contractor shall establish and maintain control records for all Government property provided under the contract including any that may be in the possession or control of any subcontractor. Separate records shall be established and maintained for each contract, in accordance with the contract and as stipulated below. The adequacy of such records shall be determined by the Property Administrator.

The records must be kept in such condition that at any stage of contract performance the status of Government property can be readily ascertained.

Property fabricated by the contractor from Government-owned materials must be recorded as Government property immediately upon fabrication. Property fabricated from contractor-owned materials must be recorded as Government property at the time title passes to the Government as provided by the contract.

The contractor's property control system must provide a means for locating any item of Government property within a reasonable time.

B. Records of Expendable Government Property

All expendable Government property must be recorded to provide the following information:

1. Expendable Property Issued Directly Upon Receipt: Documented evidence of requisition, receipt, and issue.

2. Expendable Property Maintained in Stock for Contract Use:

(a) Contract number,

(b) Description,

(c) Quantity received,

(d) Date received,

(e) Quantity issued,

(f) Date issued,

(g) Balance on hand,

(h) Posting reference (Receiving Report or voucher No.)

(i) Price

C. Records of Nonexpendable Government Property

For each item of nonexpendable Government property, the contractor shall maintain an individual item record containing the following information:

(a) Contract number,

(b) Nomenclature,

(c) Manufacturer

(d) Decal number,

(e) Model/Part number,

(f) Serial number,

(g) Posting reference (Receiving Report or voucher No. and date of receipt)

(h) Cost

Any accessory and auxiliary equipment which is attached to, or acquired for use with a basic item of equipment shall be recorded on the record of that specific item.

D. Records of Sensitive Items (Expendable and Nonexpendable)

Items such as cameras, tape recorders, alcohol, etc., shall be issued on a hand-receipt type basis only, and a record of all such transactions maintained accordingly.

E. Reconciliation of Records

Upon receipt of contract vouchers or completed EPA Form 1730-1, "Report of Nonexpendable Government Property Acquired by Contractor", the Property Administrator will determine if the property is to be capitalized and entered into the EPA accountable records. The contractor will be advised if the property is not to be carried in the records and of any changes of assigned nomenclature and cost adjustments.

PART IV

IDENTIFICATION

A. Nonexpendable Property

All nonexpendable Government-owned property provided or acquired under terms of a contract must be marked to identify it as such. The property administrator will furnish contractors with the necessary decals for marking these items. Decals will be numbered.

Items of Government-furnished property will, in most instances, have decals affixed when they are furnished a contractor, and therefore, will not require further marking.

Decals should be positioned in a manner that will make them readily visible but not interfere with the normal operation of equipment. If an item of equipment is of such a delicate nature to preclude the application of a decal, a stringed tag bearing the property identification number assigned to it should be affixed so as to identify the item as belonging to the Government.

In instances where it is impossible to identify an item by means of a decal or stringed tag, the property identification number assigned should, if possible, be painted on.

PART V

PHYSICAL INVENTORIES

A. Periodic Inventories

The contractor is required to perform a physical inventory of all Government-owned property provided or acquired under terms of a contract at least once a year, beginning on the anniversary date of the contract. Contractors will require subcontractors, provided Government property under the contract, to conduct similar annual inventories.

Inventories will be submitted to the Property Administrator and shall contain a certification by the contractor that all items on the inventory are required for continued contract performance. Any item not required for continued contract performance will be identified in the inventory and declared excess by the contractor; including property in the custody of subcontractors. Appropriate disposal instructions will be furnished the contractor by the Property Administrator.

B. Final Termination Inventories

Immediately upon termination of a contract or within 30 days after completion of the work and services on the contract, a final inventory will be submitted by the contractor; including property in the custody of subcontractors. The inventory will cover all expendable and nonexpendable property whether or not Government furnished and contractor acquired.

The inventory should include nomenclature, quantity, model number, serial number, decal number, manufacturer, unit cost and condition code. The enclosed Exhibit "A" is provided as a guide in determining the condition code of the equipment.

The inventory shall contain the following certification: "Except for items consumed in the performance of the contract, this inventory includes all materials, supplies, and equipment furnished by the Government or acquired by the contractor for the account of the Government under Contract No._____."

After receipt of a final inventory, every effort will be made to expedite disposition instructions to the contractor. Failure to provide such inventory will delay clearance by the Property Administrator and final payment to contractor.

EXHIBIT "A"

CODE DESIGNATIONS

CONDITION CODE	BRIEF DEFINITION
N-1	New - Excellent
N-2	New - Good
N-3	New - Fair
N-4	New - Poor
E-1	Used - Reconditioned - Excellent
E-2	Used - Reconditioned - Good
E-3	Used - Reconditioned - Fair
E-4	Used - Reconditioned - Poor
O-1	Used - Usable Without Repairs - Excellent
O-2	Used - Usable Without Repairs - Good
O-3	Used - Usable Without Repairs - Fair
O-4	Used - Usable Without Repairs - Poor
R-1	Used - Repairs Required - Excellent
R-2	Used - Repairs Required - Good
R-3	Used - Repairs Required - Fair
R-4	Used - Repairs Required - Poor
X	Salvage

EXHIBIT B

PROPERTY RECEIPT AND TRANSFER DOCUMENT

1. VOUCHER NO.

2. NATURE OF, AND AUTHORITY FOR, ACTION

3. NAME AND ADDRESS OF ISSUING STATION

4. DISPOSING			5. RECEIVING		
A. ACCOUNTABLE AREA NO.	B. DATE SHIPPED AND SHIPPED	C. SHIP. DOC. NO.	A. ACCOUNTABLE AREA NO.	B. DATE RECEIVED	C. DATE SHIPPED

D. CUSTODIAL AREA TO BE CREDITED

E. SIGNATURE OF CUSTODIAL OFFICER

F. SIGNATURE OF PROPERTY MANAGEMENT OFFICER

D. CUSTODIAL AREA TO BE CHARGED

E. SIGNATURE OF CUSTODIAL OFFICER

F. SIGNATURE OF PROPERTY MANAGEMENT OFFICER

6. SHIPPING DATA		7. RECEIVING DATA	
A. BILL OF LADING NO.	B. DATE	A. CHECK ONE AND EXPLAIN ON REVERSE	
		RECEIVED	SHORT OTHER
C. CARRIER OR METHOD OF SHIPMENT		B. ACCEPTED PARTIAL DELIVERY	
D. KIND OF PACK	E. POSTAGE	F. POSTAL WEIGHT	C. RECEIVED BY	D. DATE

8. PROPERTY OR SERVICE

LINE OR STOCK NO. A	DESCRIPTION OF PROPERTY OR SERVICE (Show property numbers where appropriate) B	QUANTITY C	UNIT D	UNIT COST E	TOTAL AMOUNT F

9. A. SIGNATURE OF PROPERTY MANAGEMENT OFFICER

B. DATE

10. ACKNOWLEDGMENT OF RECEIPT OUTSIDE EPA

A. NAME AND ADDRESS OF TRANSFEREE AGENCY, FIRM, BAILEE, DONEE, ETC.

B. SIGNATURE OF CONSIGNEE OR AGENT

C. TITLE

D. DATE

11. POSTING DATA (If Applicable)

A. STOCK CONTROL	MEMO ASSET ACCOUNT	COST ACCOUNTING

EPA Form 1770-17 (2)

PAGE ___ OF ___ PAGES

Form App.
OMB No. 158

EXHIBIT C

REPORT OF NONEXPENDABLE GOVERNMENT PROPERTY ACQUIRED BY CONTRACTOR

CONTRACT NO.

REPORT NO.

CONTRACTOR'S VOUCHER NO.

DATE

INSTRUCTIONS TO CONTRACTOR:

Submit original and one copy.
Nonexpendable Property is defined as equipment having a unit value of $200.00 or more

TO

U.S. ENVIRONMENTAL PROTECTION AGENCY
ATTN: CONTRACT PROPERTY ADMINISTRATOR

CONTRACTOR AND ADDRESS

LIST BELOW EACH ARTICLE OF NONEXPENDABLE PROPERTY

QTY	NOMENCLATURE DESCRIPTION (Including manufacturer's name)	MODEL NUMBER	MFG SERIAL NUMBER	DECAL OR ID NUMBER	UNIT COST	TOTAL COST

NAME AND ADDRESS OF EPA PROPERTY ADMINISTRATOR

PURCHASE AUTHORIZATION

- [ ] ARTICLE _____ OF CONTRACT
- [ ] CONTRACTING OFFICER'S LETTER OF APPROVAL DATED _____
- [ ] OTHER (Explain)

SIGNATURE OF CONTRACTOR'S REPRESENTATIVE

TITLE

EPA VOUCHER NO.

DATE

EPA Form 1730-1 (8-73)

REPLACES EPA FORM 1730-1 (5-71) WHICH IS OBSOLETE